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OPPORTUNITIES
FOR PEOPLE

Enterprise Ontario



The Honourable Frank S. Miller
Premier of Ontario



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ENTERPRISE ONTARIO

Opportunities for People

March, 1985



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Ontario's Economic Performance

Ontario's economy has grown rapidly in the past two years and leads the rest of Canada in job creation. Today, more people are working in Ontario than ever before, wages are at record levels and business investment is showing signs of real strength.

Since November, 1982, when the global recession was at its worst, employment has grown more quickly in Ontario (8.9 per cent) than in the United States (7.7 per cent) or the rest of Canada (4.8 per cent). During this period, 355,000 new jobs were created in Ontario compared to 313,000 in all other provinces.

In 1984, fully 55 per cent of the new jobs created in Canada were located in Ontario. All groups and regions participated in the expansion. For example, during 1984, there was a net gain of 39,000 jobs for young workers in Ontario.

Real personal disposable income in Ontario rose 3.9 per cent in the first three-quarters of 1984 compared to only 1.4 per cent for the rest of Canada. Meanwhile, consumer prices have stabilized. The annual rate of inflation during 1984 was 4.4 per cent, the lowest since 1971.

Ontario's export performance has been spectacular. Sales of our goods to customers outside Canada increased 32 per cent in 1984 -- a faster growth rate than for any other major industrialized country including the United States and Japan.

Responding to this growth and a climate of confidence, Ontario's business community is increasing its investments. For the first nine months of 1984, real business investment, excluding housing, expanded at a rate of 4.7 per cent compared to a slight decline for the other provinces. Investment intentions are on the rise, led by the major auto makers who have announced new projects in excess of \$2 billion.

However, Ontario is also faced with some serious challenges. The province's unemployment rate is 8.7 per cent -- an unacceptably high figure. Youth unemployment stands at 15.6 per cent. Despite our excellent record on job creation, we urgently need to provide more opportunities to bring down unemployment and reduce the real hardship and frustration it is causing.

Ontario must also meet the challenge posed by new technology and global competition. Substantial new investments in Ontario's industries are required to increase their competitive edge and ensure job security.

Enterprise Ontario

Enterprise Ontario is a coordinated strategy for increased job creation and job security. These are the two most important objectives facing governments in all industrialized countries.

The basic principle of Enterprise Ontario is that job creation and job security are shared responsibilities involving governments, the business community, the educational system and the individual. The problem of unemployment will not be solved by government make-work projects nor will job security be enhanced by slowing down the introduction of new technology. The solution is to become more adaptable and encourage our companies to grow.

The people of Ontario are very enterprising. This year, they will launch more than 50,000 new businesses, three times the number that were formed ten years ago. This year, we will export more than three times as much as the Japanese on a per capita basis.

Ours is increasingly an entrepreneurial economy, oriented toward world markets. These qualities are the key to future prosperity in Ontario. The purpose of Enterprise Ontario is to build upon these strengths and to nourish the enterprising spirit of our citizens.

A major step in this direction was taken in 1981. At that time, the Ontario economy needed extensive investment in its infrastructure, to prepare it for growth in a new era of high technology and global competition. The Board of Industrial Leadership and Development (BILD) program was born. To date, close to \$1.5 billion of provincial revenue has been invested in our productive capacity. BILD's priorities included electrical generation, natural resources, transportation, technology transfer and increased training. These investments have made a significant contribution to Ontario and they will continue.

However, the focus of our economic development must now move to the individual business. Healthy companies are the key to a healthy economy. This is the focus of Enterprise Ontario.

In a society dedicated to fairness, opportunity must be equally shared. Enterprise Ontario will place an overriding importance on ensuring that the benefits of growth, new technology, training and rewarding new jobs are accessible to all of the people of Ontario including women, the young and the disadvantaged.

Ontario has only just begun to reach its economic potential. All the factors exist for a substantial increase in entrepreneurial activity with the Ontario Government acting as the catalyst in such vital areas as technology and training. With the cooperation of government, business and labour, Ontario can reach new levels of prosperity and achieve the twin objectives of job creation and job security for its people.

The four elements of Enterprise Ontario are:

- I. **Clearing the Way for Small Business.** To encourage job creation and increase job security, we must help small business succeed.
- II. **Putting New Technology to Work.** New technology will protect jobs and create new ones by enabling us to compete with the world.
- III. **Training for Employment.** To achieve our full potential, we need the right skills and work experience.
- IV. **Competing in World Markets.** Economic growth and new jobs depend upon increased exports.

I. Clearing the Way for Small Business

Small Business and Job Creation

The great majority of people looking for a job are going to find it in a small business. In the past five years, nine out of every 10 new jobs in Ontario have been created by small business. The same trend exists throughout North America.

Small business also has an important social dimension. Young people, women and members of minority groups usually get their first work opportunity from small business. Increasingly, many of them are setting up their own companies and becoming entrepreneurs.

Last year, more than 11,000 new businesses in Ontario were started by women. In fact, over the past 15 years, the proportion of small businesses owned by women has increased substantially and the success rate of female owner-managers is significantly higher than the rate for men. Last year, a total of 19,000 companies were launched by young people under the age of 30, including 4,700 entrepreneurs under the age of 24. Quite clearly, small business means equal opportunity.

The small business sector has many other social benefits. It is responsive to the community, hires local people and purchases what it needs on a local basis. Small business invests in the community and contributes to its development.

To provide the people of Ontario with the opportunities they need, we must stimulate growth in small business. Jobs are the first priority of Enterprise Ontario.

Small business has a number of specific problems which inhibit its job creation potential:

- First, insufficient capital for start-up or expansion. Many small businesses fail because of a lack of capital.
- Second, insufficient management expertise, especially in marketing and accounting.
- Third, government policies and regulations that are insufficiently sensitive to small business. These rules can discourage individuals from starting a business or expanding one.

To clear the way for small business, Enterprise Ontario will:

- Encourage new investment in small companies.
- Improve access to private sources of capital.
- Appoint a Commissioner for Small Business to cut through red tape and reduce the paper burden.
- Provide potential entrepreneurs with the information they need to make a success of their new venture.

These initiatives will encourage more people to start a business, improve the success rate and help small companies thrive. The result will be increased job creation, greater job security and a new era of opportunity for all Ontarians.

Encouraging Small Business Investment

As part of Enterprise Ontario, the Ontario Government will eliminate the provincial corporate income tax on small business as long as the income is reinvested in the company. This initiative will return about \$325 million a year to the small business sector after allowing for a new profits distribution tax which will be applied to earnings not reinvested in the company. The immediate impact of this capital infusion will be to encourage new business formations, expansion of existing firms and a higher success rate for small business generally.

The tax exemption will apply to the first \$200,000 of income earned by independent Canadian-owned-and-controlled private businesses. Only companies with paid-up capital under \$1 million will be eligible for the exemption.

Many high technology companies go into business with more than \$1 million of capital. To assist these high growth companies, all start-up firms will be eligible for the Ontario tax exemption during their first three years of operation. This incentive will help attract new investments.

The tax exemption will not apply to investment income. Only active business earnings will be eligible for tax deferral. Larger businesses and the small companies they own, personal service corporations, investment companies and certain other non-qualifying businesses will continue to be taxed at current rates.

There will be no interruption in the three-year tax exemption announced in the 1982 Budget. The new policy will apply to year-ends after May 13, 1985 -- the day the three-year tax exemption would have expired.

The Ontario Government will ask the Government of Canada to pursue a similar small business tax investment program.

Improving Access to Capital

Small business obtains most of its equity from informal sources -- the owner's savings and those of friends and family. These sources are often insufficient to finance a healthy company. The result is that jobs are at risk and fewer jobs are created.

New sources of equity are urgently required to finance new businesses and expand existing ones.

The Ontario Government has already developed a number of successful programs to enhance business investment. For example, Ontario's Small Business Development Corporation Program has been lauded as a highly effective and innovative way to attract new capital into new ventures. Since its inception five years ago, this program has attracted \$272 million into 623 small businesses. However, further sources of capital must be opened up for small business.

More than \$2 billion is currently held in self-administered RRSPs. Eligible investments are very limited in scope, consisting principally of mortgages and the stocks and bonds of listed public companies. RRSPs cannot be used to invest in small private companies.

The purpose of an RRSP is to prepare for retirement and its investments should therefore provide security over the long term. However, investing in a small business is often a prudent way to secure retirement and the risk may be lower than for many other eligible investments such as common shares in publicly-traded junior companies. The Ontario Government therefore proposes that the Government of Canada revise its legislation to enable shares in Canadian-controlled private companies to qualify as investments for self-administered RRSPs. This change should provide several hundred million dollars in new equity investment for small business. Furthermore, prospective entrepreneurs will be able to set up such an RRSP for the purpose of saving up capital on a tax deferred basis for investment in a new venture.

Steps must also be taken to provide small business with greater access to investment funds in Canada's employer pension plans. In total, this pool of capital amounts to over \$150 billion of which only a minute amount is invested in small business where most jobs are being created. It is vital that

more of these funds support the overriding objective of small business job creation.

Ontario will sponsor a national conference of representatives from the federal and provincial governments and the private sector to develop specific proposals for increasing small business access to these pooled funds. Care will be taken to ensure that the primary purpose of pension funds -- namely secure retirement -- is protected and maintained. The proposals developed at this conference will be forwarded to the next First Ministers' Conference on the Economy for review and implementation.

A Small Business Commissioner: Cutting Through the Red Tape

At present, there are 24 Ontario ministries setting rules for business. All of these rules are well intentioned and in the public interest. Nonetheless, they are frequently not coordinated.

Small business people complain that public agencies have conflicting standards for essentially the same requirements. Similar information may need to be reported to a number of different ministries, taking up valuable time . This paper burden could be reduced if the various information needs of government were coordinated.

Other problems arise. Rules may be needlessly onerous and insensitive to business simply because they have not had input from people who have actually spent time running a small company. Necessary approvals are occasionally delayed, resulting in undue pressure on small business cash flow. Regulations are sometimes unclear, allowing for too much discretion on the part of regulators and inconsistency in the way the rules are applied.

The cumulative effect of these problems can be discouraging to small business even when the public agencies themselves are sympathetic and anxious to be helpful.

Enterprise Ontario will therefore appoint a Small Business Commissioner who will be given the necessary authority and independence within the bureaucracy. The Commissioner will draw upon the resources of the Small Business Branch in the Ministry of Industry and Trade and other operations in government to provide support.

The first task of the Commissioner will be to assess new policies and regulations affecting small business prior to implementation. Every year, more than a thousand new regulations are created by the Ontario

Government. The Commissioner will screen out those which may have a significant impact on business and consult with the business community on the nature of the impact and the steps needed to make any new regulation more sensitive to small business and job creation. Cabinet will receive this information prior to approval of the regulation.

The Commissioner will also consult with business organizations on a sector-by-sector basis to review the red tape and paper burdens imposed upon them by the cumulative effect of existing government rules. The Commissioner's office will then work with the ministries involved to rationalize these rules, eliminating conflict and duplication and streamlining compliance.

The Commissioner will also work directly with provincial regulators and municipalities to assist them in making their administrative practices and decisions more sensitive to the needs of business.

Encouraging Business Start-Ups

New enterprises are an important source of job creation. In Ontario, they account for an estimated 70,000 new jobs per year.

A growing number of people are taking their economic future into their own hands and starting a business. One of the objectives of Enterprise Ontario is to encourage more people to consider the small business option and help them to succeed.

A province-wide toll-free Enterprise Ontario telephone number will be established this year to provide people interested in launching a new business with information on the various services provided by the Ontario Government and the requirements they will need to meet. This "one window" approach will make the process of starting up a business as simple as possible.

A television series will be launched on TVOntario and a home learning package will be prepared and distributed to help make the option of starting a small business more understandable and accessible to a wider range of people.

The Ministry of Industry and Trade will strengthen and supplement its existing services by establishing self-help centres in its 17 offices across Ontario where prospective entrepreneurs will have access to business information and educational materials. Care will be taken to provide information which meets the special needs of women and young people. The first such centre will be opened in Kitchener on June 1, 1985.

II. Putting New Technology to Work

Job Security and New Technology

Technology is changing the face of the world economy. New manufacturing processes are making people more productive and cutting costs. New products are supplanting old ones. These changes provide opportunities but they also challenge our commitment to fairness and social justice.

Adopting new technology means increased exports, higher growth and more employment. It also means some dislocation and displacement. However, a failure to innovate will clearly lead to stagnation and fewer jobs.

Job creation in high technology industries has increased at nearly twice the rate of more traditional sectors. According to the federal government's *A New Direction for Canada*, "As much as two-thirds of recent economic growth has been attributed to technological change...".¹ Even when technology reduces employment in certain sectors, it creates growth and new job opportunities in the economy at large.

Through BILD, the Ontario Government has invested more than \$322 million in new technology. One of the most successful BILD programs is the province-wide network of technology centres. These include three Centres for Advanced Manufacturing in Peterborough, Cambridge and Windsor; a Centre for Resource Machinery and Technology in Sudbury; a Centre for Farm Machinery and Food Processing Technology in Chatham; a Centre for Microelectronics in Ottawa; and a Centre for Auto Parts Technology in St. Catharines. These centres have now assisted more than 500 Ontario companies.

The technology centres offer practical advice for the selection and use of new equipment, provide a focal point for technological training, and generally increase awareness of high technology issues. This innovative program, which is the envy of other jurisdictions, has significantly increased the adaptability and competitiveness of Ontario's manufacturing base.

With the help of these technology centres, many Ontario manufacturers are investing in new technologies. However, many others are unable to do so, especially smaller, Canadian-owned companies. Their

¹ The Hon. Michael H. Wilson, *A New Direction for Canada: An Agenda for Economic Renewal*. (Ottawa: Department of Finance, Canada, 1984), p. 25.

balance sheets are relatively weak compared to those of their international competitors. Often, they have high borrowings which make it difficult for them to obtain loans. Volatile interest rates add a further element of risk. Furthermore, new technologies often require two or three years to begin to pay for themselves. These factors have contributed to lagging innovation in a number of Ontario's industries. In the long term, this lack of innovation puts our jobs at risk.

Ontario's one million jobs in manufacturing are dependent upon investment in new technology. Recognizing this, Enterprise Ontario will embark upon a bold new program to help small- and medium-sized manufacturing companies purchase new technology and become more competitive.

At the same time, we must be concerned about job security and the displacement of our workers. New technology changes the nature of jobs and the skills they require. Training is needed to enable workers to make use of the new technology or to find alternative work if that is necessary. This training must be directly linked to the introduction of new equipment. Enterprise Ontario will therefore require those companies obtaining financial assistance from its programs to make specific commitments to retrain their workers and consult with them on technological change.

To put new technologies to work, Enterprise Ontario will:

- Establish a new Enterprise Technology Fund to help companies acquire the equipment they need to be competitive.
- Create a new Centre for Advanced Materials.
- Set up 20 Innovation Centres at colleges and universities throughout Ontario to help create businesses out of new ideas.
- Increase funding for high-cost research equipment needed to make our research facilities competitive with the world.

The Enterprise Technology Fund

The Enterprise Technology Fund will provide financial assistance to small- and medium-sized manufacturing companies to enable them to upgrade their production technologies and equipment. Nearly every industry can benefit from new technology. The assistance from this fund will take the form of loans for up to one-half of the capital expenditure. The appropriate technology will be identified by the company in consultation with one of Ontario's technology centres.

The unique feature of the Enterprise Technology Fund is that the terms of repayment will depend upon performance. The company will not need to repay funds used for training or retraining programs related to the new technology. Repayment of the remaining amount will be deferred and the interest rate will be reduced depending upon specific performance in the areas of on-going training, export development, implementation of quality control programs and consultation with employees on technological change. These requirements will be set out in the terms of the loan agreement.

Performance requirements will be reviewed by the Ontario Government. For example, training commitments will be assessed by a new Ministry of Skills Development (see page 16) which will help to design and implement training programs making use of the firm's own resources and facilities as well as those of secondary schools, community colleges, universities and private institutes.

Interest rates will be fixed and payment will be spread out over time to accommodate the cash flow of the company, particularly in the first few years after the new equipment is purchased.

The Enterprise Technology Fund will work on a sector-by-sector basis. The Ontario Government will consult with business and labour to determine which sectors should receive priority attention and their requirements. Within these sectors, preference will be given to firms that have ambitious growth plans and prospects for increased employment.

The Enterprise Technology Fund is not an experiment. A working example already exists in the form of the Auto Parts Investment Fund, a \$30 million three-year program established in the last Ontario Budget. The early results of this program indicate a high degree of success for a sector-by-sector approach which draws upon the intimate knowledge possessed by the technology centres. We believe the Enterprise Technology Fund will open up a new era of cooperation between business and government that will better serve the needs of the individual worker and the cause of job security.

A total of \$250 million will be allocated to the Enterprise Technology Fund over three years. The Ontario Government is now negotiating with the federal government to obtain a matching amount of federal funding for this innovative program.

New Centre for Advanced Materials

The seven technology centres established under the BILD program have been highly successful in transferring new technology to Ontario's

manufacturing sector. New areas of innovation may benefit from an extension of this approach.

The most immediate requirement is for a Centre for Advanced Materials which will increase our understanding of ceramics, superalloys, plastics, carbon fibres and other revolutionary materials. It is quickly becoming impossible to make tomorrow's products with today's materials. Ontario's competitive position in such diverse industries as computers and auto parts will be heavily influenced by the development and application of new materials.

For example, the automotive industry, which is crucial to Ontario's economic base, is moving towards increased use of ceramics, plastics and magnesium. Ceramics will also influence the future of electronics, machining operations and medical improvements such as artificial bone joints.

The Ontario Research Foundation has already developed valuable expertise in the area of advanced materials. In the past year, the ORF has earned \$1 million in revenue from ceramics research. Enterprise Ontario will therefore establish a new Centre for Advanced Materials within the ORF at an estimated cost of \$10 million over the next three years.

The second area of emphasis is Ontario's software industry. This vital sector now has annual sales in excess of \$350 million and its 1,100 firms employ more than 28,000 people, directly or indirectly.

Ontario has the opportunity to develop a world-class industry with substantial new job creation. We have the programming, systems engineering and technical resources to match the best in the world and we are in close proximity to the United States, the world's largest software market.

Currently, the software industry is highly fragmented and lacks venture capital. The Ontario Ministry of Industry and Trade is now conducting an extensive consultation with the industry to define the key areas needing support and government action. This consultation process will culminate in a major software industry conference to be held on May 1, 1985, hosted by the Ontario Government. A series of initiatives will be prepared and launched over the course of the next year to encourage rapid growth in this sector.

Innovation Centres: New Business from New Ideas

Ontario's scientists and technologists are generating many world-class ideas. However, all too often, these innovations are not commercialized in this province. Innovation Centres provide business and technical support to inventors to help them commercialize their ideas, new products and processes in Ontario. This concept was originally proposed in Ontario's May, 1984 Budget. These centres are to be located in universities and colleges to link the scientific community to the marketplace.

The response to this new concept has been greater than expected. Under Enterprise Ontario, we will double the funding provided in the Budget and create 20 Innovation Centres over the next three years at an estimated cost of \$6 million. We believe that these centres will lead to the birth of hundreds of small, Canadian-owned high technology companies.

Funding University Research

Ontario's universities have a prominent role to play in industrial research and development. To support this role, the Ontario Government has taken a number of steps to increase funding of university research.

In the May, 1984 Budget, we initiated the University Research Incentive Fund with an allocation of \$30 million over three years. This fund provides \$1 in research funds for every \$2 raised from other sources. Under Enterprise Ontario, the allocation to this fund for the fiscal year 1985/86 will be increased to \$15 million.

As a further measure, Enterprise Ontario will allocate \$10 million to assist in the purchase and location of a supercomputer at a major Ontario university. The huge capacity of such a computer is needed to enable our research programs in such critical areas as robotics to keep pace with the world. Currently, Canada has only two supercomputers, neither of them in Ontario.

The Ontario Government will seek a shared-cost partnership with other potential users of a supercomputer. We will ensure that the facility is widely available to Ontario's research community, with special consideration given to applied research and new product development. Proposals for this project are now being invited.

III. Training for Employment

Achieving our Full Potential

To achieve our full potential as a province, the people of Ontario need to acquire the right skills and work experience. A successful strategy for job creation and job security depends in a very fundamental sense on what people know and what they can do. Often, unemployed youth and laid-off older workers are not equipped to find and hold employment. They have too few skills to face an environment which is changing rapidly. For many of them, training is the answer. It provides the opportunity to get and keep a job.

The provincial government has a lead responsibility for making sure that the people of Ontario have access to high quality training. Job training has become a top priority for the Ontario Government in the past several years and the number of programs has grown remarkably quickly. In the secondary school system, new concepts have been developed such as Linkage, co-operative education and work experience programs.

In the community college system, hundreds of course offerings are designed specifically to provide students with long-term employment. Ontario's Colleges of Applied Arts and Technology continue as one of the most successful educational experiments in the world, unmatched by any other jurisdiction in North America.

At the university level, the various professional schools are augmented by co-operative education programs which directly relate classroom teaching and work experience.

In addition to these major investments, the Ontario Government has substantially increased its spending on specific job training programs. In the fiscal year 1981/82, \$12 million was spent on this area. In 1984/85, the allocation was \$48.3 million, an increase of more than 300 per cent in three years.

In 1984, an Ontario Skills Fund was established with \$150 million over three years to help experienced workers adapt to economic change. This fund provides special assistance to women and older workers.

The needs of young people have also received special attention. Last year, the Ontario Youth Opportunities Fund was established with \$450

million over three years for training and work experience for youth, particularly the hard-to-employ.

Ontario's financial commitment to job-related training will continue to grow in the future as we address the issues of job dislocation and the special needs of women, young people and minorities.

At the present time, the provincial government has 31 training programs administered by 12 different ministries and agencies. Each of these programs is effectively meeting a specific need. But the rapid growth in these programs brings a new requirement to coordinate them. We must also plan for the future to meet the anticipated needs of the people of Ontario.

Enterprise Ontario will enhance the province's activities in the training area by establishing:

- A new Ministry of Skills Development.
- A Skills Development Strategy for Ontario.
- New initiatives in the secondary schools.
- Improved access to training and jobs.

A New Ministry of Skills Development

Enterprise Ontario will create a new Ministry of Skills Development. This ministry will encompass the Skills Development Division from the Ministry of Colleges and Universities, the Youth Secretariat, the Youth Commissioner, the Ontario Youth Opportunities Fund, the Ontario Manpower Commission and the Ontario Skills Fund. Including the youth programs within the new ministry will help to ensure that summer work programs and other initiatives are effectively linked to training and long-term employment.

The new ministry will increase the Ontario Government's responsiveness to training needs and provide for increased coordination of programs. It will consolidate all non-institutional skills development, vocational training and human resource planning and forecasting under one roof. It will obtain training services from existing secondary schools, colleges, universities and private institutes rather than open new institutions.

A Skills Development Strategy for Ontario

The new ministry will work in partnership with business and labour as well as with the Ministries of Education, Colleges and Universities, Industry and Trade, Labour, Community and Social Services and Treasury and Economics to design a comprehensive, province-wide Skills Development Strategy. The objectives of this strategy will be:

- Increased job security based upon skills proficiency and adaptability.
- A close link between training and industrial development to help ensure that training leads to employment.
- A flexible and productive work force able to compete with the world.

Ontario's Skills Development Strategy will adhere to the following major principles:

1. **Equal Access to Training.** Barriers to training will be analyzed and removed. Special attention will be given to the needs of women, the disabled and people living outside major urban centres. For many of these people, access to training is limited by a lack of child care, transportation or financial resources. The new ministry will ensure that they receive their fair share of training.
2. **Portable Skills.** The Ontario Skills Development Strategy will emphasize generic skills which are portable from job to job. Most people will need training more than once during their working life due to rapid changes in the economy. Wherever possible, the new ministry will seek to provide training which transcends specialized job skills, in order to provide a sound basis for continuing employment.
3. **Job Paths.** The Ministry of Skills Development will work to create a continuum of training, work experience and counselling leading to long-term employment. Programs will be linked to form job paths for the hard-to-employ.

About 65 per cent of our young people do not go on to college or university after graduating from high school. Having left the formal educational system, these young people need an alternative system that leads step by step from school to long-term employment. This skills development system must be as

clearly understood by employers, guidance counsellors, trainers and young people as the route through colleges and universities.

4. **Bridging the Classroom and the Workplace.** Wherever possible, work experience and classroom instruction must be integrated. Ideally, the individual will move back and forth between these two modes of learning.
5. **A Greater Role for Industry.** Ontario's Skills Development Strategy will foster a greater role for industry in training programs. Too many companies expect to have people trained specifically for their needs, at public expense, with no obligation to hire the graduates. This approach puts too much onus on the individual and government. Industry must become a more active partner in providing funds, expertise, facilities and work experience to facilitate the training process.
6. **Performance-Based Training.** Training programs will emphasize performance-based training rather than time-based training. In other words, the time required to earn accreditation will be related as much as possible to actual skill levels rather than arbitrary training periods. Traditional apprenticeship training is sometimes inflexible, unnecessarily time-consuming and expensive. The new ministry will consider ways to overhaul the apprenticeship program in cooperation with unions and employers.
7. **Training of Part-Time Workers.** The new ministry will establish new programs to train part-time workers. Currently, this important segment of the labour force is without adequate formal training programs. This gap poses special problems for women who comprise the vast majority of part-time workers.
8. **Linking Training to Industrial Change.** The new Ministry of Skills Development will work with individual companies to identify training and retraining requirements. If facilities are to be shut down, or if they are to undergo substantial changes due to new technology, the ministry will help arrange suitable training for those who are affected.
9. **Federal-Provincial Cooperation.** The new ministry will work directly with the federal government to define a rational division of responsibility between Ottawa and Ontario. Too often, in the past, training programs have been characterized by duplication and gaps in service due to insufficient coordination between the

two levels of government. There are two possible options for rationalizing federal and provincial programs: segregation of responsibility; or a shared-cost formula based upon common objectives. Recent instances of cooperation between the two governments on training issues such as the joint support of Community and Industry Training Committees suggest that now is the time to move toward a comprehensive understanding.

10. **Stability.** The new ministry will promote stability and continuity in the various programs so as to increase familiarity with them and make them easier to use, both by individuals and companies.

The Ontario Government will consult with labour on the development of these principles and their application to the workplace.

New Initiatives in the Secondary Schools

Ontario's secondary schools have an important role to play in the training process, particularly for those students who do not go on to attend a post-secondary institution. For many of these students, the best solution is to integrate apprenticeships and other work-oriented programs into the high school curricula, enabling these young people to complete a significant part of these programs during their secondary school years. This approach will help to keep young people in school and increase their chances for employment at an earlier age.

Through Enterprise Ontario, new resources will be committed to co-operative education in the secondary schools. Under the Co-operative Education Program, which has been in place on a limited scale since 1977, students spend up to two-thirds of their course time in job-related training outside the school for which educational credits are obtained. Frequently, this training leads directly to employment with the company participating in the program.

Additional funds will be allocated to co-operative education, enabling an additional 10,000 students to participate in co-op programs -- an increase of 66 per cent over current levels. Funds will be allocated on the basis of school board proposals. Part of the money will be used to hire additional placement officers on a contract basis to recruit and work with employers. Allowances will also be provided to students to overcome transportation costs and other barriers to participation.

As a second initiative, Enterprise Ontario will fund a new "Industry in School" training program to second experienced manufacturing personnel

to assist teachers in the technical departments of Ontario secondary schools on a part-time basis. This program will bring the technological realities of the modern shop floor to young students. Benefits will include more job-related industrial training and a better knowledge of career opportunities in advanced manufacturing.

A third initiative will expand high school career guidance programs to provide more complete information about careers and training options. This program will improve the resources available to high school guidance teachers including expanded information on occupational choices and requirements, labour market conditions and the skills needed to search for and acquire a job. The program will include classroom presentations by a range of outside resource people from large companies, small businesses, unions and women working in non-traditional occupations. The schools will also help to place students who are graduating or withdrawing from secondary school by arranging for in-school interviews with potential employers.

These three educational initiatives will receive an additional \$16 million over three years.

Equal Access to Training and Jobs

Economic opportunity in its true sense implies not only the operation of market forces but also a commitment to social justice. It means equal access to training for men and women, whether urban or rural.

At the present time, women do not receive their fair share of training opportunities. One of the main reasons is a lack of affordable, high quality child care. This problem is especially pronounced in less populated areas. The result is a lack of scope for many women, culminating in a sense of frustration and alienation.

More child care services are needed, especially child care related to the workplace and training institutions. Providing women with greater access to training will enable them and their families to achieve greater independence. Furthermore, it will erase one of the most important barriers to job advancement by women.

Many women will continue to stay home and care for their children themselves. However, for many others, there are compelling reasons for participating in the workforce. The Ontario Government has a role to play in assisting these women in their transition to the workplace and ensuring suitable care for their children.

In Ontario, the three levels of government spend over \$135 million per year on child care, including the cost of an additional 7,500 new fully-subsidized spaces announced this week. However, gaps in service remain which limit access to training and employment.

Enterprise Ontario therefore embraces six new child care initiatives. The new programs, totalling more than \$22 million over three years, are as follows:

- 1. A New Child Care Incentive Fund.** This fund will cover start-up costs for 155 additional child care programs. Targets will include: 40 new work-related private sector child care projects; 30 new training-related child care centres associated with community colleges, technical institutes, schools and other facilities; 20 new agencies providing support and supervision to licensed home day care; 50 child care programs for school-aged children; and 15 new Urban Child Care Resource Centres to provide support for local, informal child care services. These initiatives will provide families with access to 5,200 spaces to meet a wide range of needs. The fund will be allocated \$10 million over three years.
- 2. A New Training Access Fund.** This fund will increase access to training for women with children. The fund will provide child care allowances to women attending job training programs sponsored by the Ontario Government. This fund is in addition to Ontario's existing Employment Support Initiatives for women on public assistance and complements newly-announced federal allowances for its training programs. Support levels will be compatible with other programs. A total of \$7 million will be allocated over three years.
- 3. A New Rural Child Care Support Fund.** This fund will provide the start-up costs for 15 Rural Resource Centres and cover the operating costs of these 15 centres and the 19 other similar ones established in 1984. Rural Resource Centres represent a new approach to informal child care in less populated areas. The centres encourage home-based child care and parents' co-operatives; lend educational materials and toys; advise care givers; provide an emergency drop-in service and maintain a registry of local services. These centres will provide rural families with the flexibility they need to obtain training and work off the farm or outside their community.

The fund will also provide start-up financing for 30 new rural child care centres providing approximately 1,000 spaces. The allocation will be \$4 million over three years.

4. **A New Child Care Advisory Service.** This service will advise companies on the advantages of work-related child care and help employers to set up reliable, quality care that conforms with provincial regulations. This initiative will be allocated \$750,000 over three years.
5. **Funding for Demonstration Child Care Centres.** Start-up costs will be provided for six work-related child care centres in major public buildings across Ontario including Queen's Park. Children will be accepted from the surrounding community. Spaces will be unsubsidized. This initiative will help to demonstrate the value and increasing importance of work-related child care. The estimated one-time cost for these centres is \$350,000.
6. **Federal-Provincial Cooperation.** The Ontario Government will pursue harmonization of programs and funding with the federal government to ensure that needs are met in a rational and effective manner. Special attention will be given to modifications in the Canada Assistance Plan so that a broader range of child care services can be covered by federal-provincial cost-sharing.

IV. Competing in World Markets

Ontario's export performance in the past two years has been outstanding. Sales of goods to other countries rose by a record-breaking 32 per cent in 1984. This rate of growth was nearly five times faster than the world average and substantially ahead of Japan, the United States, West Germany and every other major industrialized country.

The 355,000 new jobs created in Ontario since November, 1982 are largely the result of increased exports.

All sectors of the Ontario economy have participated in this export boom. Automotive products, manufactured metal products, office machinery, telecommunications equipment and forest products accounted for most of the increase.

Ontario's exports totalled \$55.2 billion in 1984, 22 per cent above the year's target as established in the province's trade plan.

To sustain this momentum, we will continue the many successful export development programs now administered by Ontario's Ministry of Industry and Trade. In 1984, these programs directly influenced more than \$400 million in new export sales. The thrust of the Enterprise Technology Fund will improve the competitiveness and export potential of Ontario business. In addition, Enterprise Ontario will undertake the following initiatives:

- Expand the Export Success Fund.
- Establish additional trade offices in new markets.
- Provide incentives for Global Product Mandates.
- Establish a secure trade program for the U.S. market.

Expanding the Export Success Fund

In Ontario's trade plan, one of the key strategies for increasing exports is to encourage smaller firms to begin selling goods and services outside of Canada. Only about 20 per cent of Ontario's 14,500 manufacturers currently sell into foreign markets. The purpose of the Export Success Fund is to increase this proportion. Experience demonstrates that once they start to export, these companies grow more quickly, hire more people and become more innovative as they compete against foreign companies.

The Export Success Fund helps smaller businesses overcome the initial costs of exporting such as market research, on-site assessment and modification to products and packaging. Half the costs must be borne by the company. The company must also provide a realistic marketing plan in order to obtain assistance.

Since its inception in November of 1983, the Export Success Fund has helped 586 small companies expand their sales into export markets. A total of \$4 million was allocated to the Export Success Fund for the fiscal year just now ending. Enterprise Ontario will increase this amount by \$2 million for 1985/86, enabling this program to serve more than 350 businesses during the year.

New Trade Offices

Ontario now maintains 14 international offices located in strategic markets around the world. These offices have had considerable success in identifying new opportunities and helping Ontario businesses take advantage of them.

Enterprise Ontario will fund the location of a new trade office in the Peoples' Republic of China and expand the Hong Kong office at a cost of \$4.5 million over three years. A recent trade mission to China, led by the Honourable Frank Miller, then Ontario's Minister of Industry and Trade, determined that significant long-term potential exists for Ontario in this market. The China market requires patient cultivation including close work with government officials to obtain access for Canadian goods and services. Those who begin this work early will be rewarded most as this huge market begins to open up to the West.

Enterprise Ontario will also assist in evaluating the prospects for additional offices in South Korea, the Middle East and India. If these assessments prove to be positive, Enterprise Ontario will fund these locations in 1986/87. Ontario's offices in Boston, Philadelphia and San Francisco will also be expanded to take advantage of growing export opportunities in these markets.

Incentives for Global Product Mandates

Global Product Mandates are a highly effective way to convert subsidiaries of international manufacturers into major exporters, thereby increasing the job security of Ontario workers. A Global Product Mandate

means that the Ontario-based branch plant is given the exclusive right to produce a product for world-wide markets.

Global Product Mandates usually increase the amount of research and development being done in Canada and tap the potential for market penetration inherent in a multi-national corporation. Many large foreign-owned firms now located in Ontario have already established these mandates because of the commercial benefits of large-scale, concentrated production. However, mid-sized and smaller companies often do not have an understanding of how to develop a Global Product Mandate and they may lack the capital to undertake the necessary restructuring.

The Ministry of Industry and Trade now has a special unit advising multi-nationals of the benefits of Global Product Mandates and how to establish them. To expedite this work, companies in selected sectors will be eligible for financial assistance from the Enterprise Technology Fund for the acquisition of new equipment on the same terms as other borrowers from the fund. This approach will help to anchor valuable jobs in Ontario manufacturing despite the reduction in tariffs under the GATT.

Securing the U.S. Market

Ontario's export performance depends upon relatively unimpeded access to the United States market which buys about 89 per cent of our exports. Recently, protectionist sentiments in the U.S. have led to proposals for a number of non-tariff trade barriers which would affect Ontario's sales and employment.

Last year, the Ontario Government helped to coordinate a successful response by Ontario steelmakers to a threat of U.S. steel quotas. This effort demonstrated that there is considerable potential for informing and advising American decision-makers about the importance of Ontario to the U.S. economy and the benefits to both parties in avoiding new trade barriers.

Enterprise Ontario will therefore fund a Secure Trade Program to identify protectionist threats at an early stage, consult with the Ontario industries which may be affected and coordinate a response. This program will work in cooperation with the Government of Canada.

Conclusion

Enterprise Ontario represents the fundamental direction of the Ontario Government's economic policy. The direction is one of growth and greater opportunity through creative partnership with business people, educators and workers.

As we build upon the strengths of Ontario, we must also reaffirm our traditional commitment to fairness and social justice. Enterprise is only one aspect of Ontario and jobs are not the only priority. The greatness of Ontario reaches beyond economic considerations to even more fundamental questions of human dignity and equality. The key to achievement in every sphere depends upon a sound economy but the continuing role of government must be to ensure that the benefits are shared.

The success of an economy depends upon the extent to which it provides the opportunity for people to grow and realize their full potential. The challenge of Enterprise Ontario is ultimately a challenge to each one of us to seize opportunities and help Ontario grow.

